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Thursday, October 2, 2008

## Bill to shorten business tax surcharge passes Senate

**Gary Heinlein / Detroit News Lansing Bureau**

**LANSING** -- The State Senate passed a bill Thursday that would accelerate the elimination of a 22 percent surcharge on the Michigan Business Tax, a levy tacked on to the main business tax as part of last year's solution to a huge state budget shortfall.

The surcharge, expected to raise \$722 million in taxes during the current state budget year, would phase out over a three-year period rather than over 10 years. The phase-out would start in 2009 under the legislation, which was approved 26-12 and now goes to the House for consideration. The House isn't scheduled to be at the Capitol until late November.

"It's our obligation to try to help Michigan business owners," said the bill sponsor, Sen. Mark Jansen, R-Grand Rapids, who estimated the legislation would cut taxes for 50,000 businesses. He said the surcharge has been "damaging to many, many Michigan businesses."

But Sen. Michael Switalski, D- Roseville, said speeding up removal of the surcharge "is not fiscally responsible." He said under it, state leaders would "wind up right back in the same problem" as the 2007 budget crisis, when lawmakers held marathon sessions throughout September to resolve a looming \$1.8-billion hole in the budget.

Thursday's vote launched a Republican offensive on the nine-month-old business tax, which some taxpayers say is exorbitant, overly complicated and driving them out of the state.

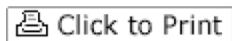
State Treasurer Bob Kleine says the business tax is working about as expected and most businesses are getting a tax cut, compared to the reviled Single Business Tax it replaced in January.

Republican Sen. Nancy Cassis of Novi, who chairs the Senate Finance Committee, maintains the tax is bringing in more than the anticipated amount of state revenue and hurting the state economy at the worst possible time.

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